



## Venezuela: Overview of U.S. Sanctions

For over 15 years, the United States has imposed sanctions in response to activities of the Venezuelan government and Venezuelan individuals. The earliest sanctions imposed related to Venezuela's lack of cooperation on antidrug and counterterrorism efforts. The Obama Administration imposed targeted sanctions against individuals for human rights abuses, corruption, and antidemocratic actions. The Trump Administration significantly expanded economic sanctions in response to the increasing authoritarianism of President Nicolás Maduro (in power since 2013).

In January 2019, the United States recognized Juan Guaidó, president of the democratically elected, opposition-led National Assembly, as interim president. The Trump Administration then imposed sanctions on Venezuela's state oil company (Petróleos de Venezuela, S.A., or PdVSA), central bank, and government to pressure Maduro to leave power. As of January 22, 2021, the Treasury Department had imposed sanctions on roughly 166 Venezuelan or Venezuelan-connected individuals and the State Department had revoked the visas of more than 1,000 individuals and their families. Despite these and other measures, Maduro remains firmly in power, and his party now controls a de facto National Assembly seated on January 5, 2021.

Some analysts have urged the incoming Biden Administration to maintain all sanctions to pressure Maduro into negotiations with the opposition. Others have suggested the removal of broad sanctions that have hurt the Venezuelan people without hastening Maduro's departure; they urge a renewed focus on targeted sanctions implemented in coordination with U.S. allies.

### Terrorism-Related Sanctions

Since 2006, the Secretary of State has made an annual determination that Venezuela is not "cooperating fully with United States anti-terrorism efforts" pursuant to Section 40A of the Arms Export Control Act (22 U.S.C. 2781). The most recent determination was made in May 2020. As a result, the United States has prohibited all U.S. commercial arms sales and retransfers to Venezuela since 2006.

In 2008, Treasury imposed financial sanctions on two individuals and two travel agencies in Venezuela for financially supporting the radical Lebanon-based Islamic Shiite group Hezbollah. Pursuant to Executive Order (E.O.) 13224, those sanctions relate to terrorist funding.

### Drug Trafficking-Related Sanctions

Since 2005, pursuant to procedures in the Foreign Relations Authorization Act, FY2003 (P.L. 107-228, §706; 22 U.S.C. 2291j), the President has made an annual determination that Venezuela has failed demonstrably to adhere to its obligations under international narcotics agreements.

President Trump made the most recent determination for FY2021 in September 2020 but waived foreign aid restrictions for programs that support the interim government.

Treasury has imposed economic sanctions on at least 22 individuals with connections to Venezuela and 27 companies by designating them as Specially Designated Narcotics Traffickers pursuant to the Foreign Narcotics Kingpin Designation Act (P.L. 106-120, Title VIII; 21 U.S.C. 1901 et seq.). Designated individuals include current and former Venezuelan officials, such as Oil Minister and former Vice President Tarek El Aissami.

### Targeted Sanctions Related to Antidemocratic Actions, Human Rights Violations, and Corruption

In response to increasing repression in Venezuela, Congress enacted the Venezuela Defense of Human Rights and Civil Society Act of 2014 (P.L. 113-278; 50 U.S.C. 1701 note). Among its provisions, the law required the President to impose sanctions against those whom the President identified as responsible for significant acts of violence, serious human rights abuses, or antidemocratic actions. Congress extended this act through 2023 in P.L. 116-94.

In March 2015, President Obama issued E.O. 13692 to implement P.L. 113-278, and Treasury issued regulations in July 2015 (31 C.F.R. Part 591). The E.O. targets (for asset blocking and visa restrictions) those involved in actions or policies undermining democratic processes or institutions; serious human rights abuses; prohibiting, limiting, or penalizing freedom of expression or peaceful assembly; and public corruption. It includes any person who is a current or former leader of any entity engaged in any of those activities, as well as current or former government officials.

As of January 19, 2021, Treasury had imposed financial sanctions on 113 Venezuelans and at least eight entities pursuant to E.O. 13692. The targeted individuals have included President Maduro; his wife, Cecilia Flores, and son, Nicolás Maduro Guerra; Executive Vice President Delcy Rodríguez; Diosdado Cabello (Socialist party president); eight supreme court judges; the leaders of Venezuela's army, national guard, and national police; governors; the director of the central bank; and the foreign minister. In May 2019, Treasury lifted sanctions against the former head of Venezuela's intelligence service, General Manuel Christopher Figuera, who broke ranks with Maduro. In December 2020, Treasury imposed sanctions on two executives and a firm that administered legislative elections on December 6, 2020; the United States, the European Union, and most Latin American countries have rejected these elections as illegitimate.

### Additional Financial Sanctions

President Trump imposed additional financial sanctions on Venezuela because of the government's human rights abuses and antidemocratic actions. In August 2017, he issued E.O. 13808, which prohibited access to U.S. financial markets by the Venezuelan government, including PdVSA, with certain exceptions to minimize the impact on the Venezuelan people and U.S. interests. In March 2018, President Trump issued E.O. 13827 to prohibit transactions involving the Venezuelan government's issuance of digital currency, coin, or token. In May 2018, President Trump issued E.O. 13835, which prohibited transactions related to purchasing Venezuelan debt, including accounts receivable, and any debt owed to Venezuela pledged as collateral.

### Broader Sectoral Sanctions

On November 1, 2018, President Trump issued E.O. 13850. This E.O. set forth a framework to block the assets of, and prohibit certain transactions with, any person determined by the Secretary of the Treasury to operate in sectors of the economy or to engage in corrupt transactions with the Maduro government. Some 26 individuals have been sanctioned pursuant to E.O. 13850, including people and entities involved in a currency manipulation scheme; those who siphoned hundreds of millions of dollars from an emergency food aid system; and those who have helped Maduro and PdVSA evade oil sanctions.

On January 28, 2019, pursuant to E.O. 13850, Treasury designated PdVSA as operating in the oil sector of the Venezuelan economy and the Secretary of the Treasury determined the company was subject to U.S. sanctions. As a result, all property and interests in property of PdVSA subject to U.S. jurisdiction are blocked, and U.S. persons (companies or individuals) generally are prohibited from engaging in transactions with the company.

Treasury's Office of Foreign Assets Control (OFAC) has issued general licenses to allow certain transactions and activities related to PdVSA and its U.S. subsidiaries. OFAC first authorized transactions with U.S.-based PdVSA subsidiaries, PDV Holding, Inc. (PDVH) and CITGO Holding, Inc. through July 2019. OFAC extended that authorization through February 2021. OFAC authorized PDVH, CITGO, and other U.S. companies to import petroleum from PdVSA through April 2019, but payments had to be made to a blocked U.S. account. OFAC initially authorized U.S. companies working in Venezuela with PdVSA (including Chevron) to operate through July 2019. An amended license allows only transactions necessary for the maintenance of "essential operations" or the "wind down of operations" through June 3, 2021.

In 2019, Treasury sanctioned a Moscow-based bank for helping PdVSA funnel revenue from oil sales. Treasury then sanctioned Venezuela's state-owned gold sector company, Minerven, for using illicit gold operations to support Maduro. It also sanctioned a state-affiliated development bank and subsidiaries the Maduro government had used to move money abroad. In April, Treasury sanctioned Venezuela's central bank; in July, it sanctioned Venezuela's military counterintelligence agency. In 2019, Treasury also sanctioned several shipping companies and

vessels that transported oil to Cuba, as well as Cuba's state-run oil import/export company.

In 2020, Treasury began to sanction individuals, companies, and shipping companies for transporting Venezuelan oil in violation of sanctions. Treasury imposed sanctions on two subsidiaries of Russia's state-controlled oil and gas company, Rosneft. In June, Treasury sanctioned four foreign shipping companies for transporting Venezuelan oil. In June 2020 and January 2021, Treasury sanctioned individuals, companies, and vessels involved in sanctions evasion. Treasury also has sanctioned individuals and entities for shipping petroleum products to Venezuela in exchange for gold under the Iran sanctions framework.

### Sanctions on the Maduro Government

In August 2019, President Trump issued E.O. 13884, blocking (freezing) the property and interests of the Maduro government in the United States and within the control of U.S. persons. The order prohibited U.S. persons from engaging in transactions with the Maduro government unless authorized by OFAC. E.O. 13884 also authorized financial sanctions and visa restrictions on non-U.S. persons that assist or support the Maduro government, including foreign energy companies working with PdVSA. Five individuals and several vessels and aircraft have been sanctioned under E.O. 13884. To allow assistance to the Venezuelan people, OFAC issued licenses authorizing transactions involving the delivery of food, agricultural commodities, and medicine; remittances; international organizations; and communications services. In April 2020, OFAC issued guidance asking organizations delivering humanitarian aid to Venezuela to report any sanctions-related barriers they may face so they can be resolved.

### Policy Considerations

On a bipartisan basis, Congress has supported targeted sanctions against Maduro officials. In December 2019, Congress enacted P.L. 116-94, an act that includes provisions from the VERDAD Act (S. 1025), which, among other measures, extends sanctions regarding corruption and undemocratic actions through 2023.

Opinions in Congress on broader sanctions imposed by the Trump Administration on the Maduro government and entities that have supported Maduro vary. Some in Congress continue to support economic sanctions as a means to pressure the Maduro government. Others, concerned about the humanitarian effects of those sanctions, have called for a suspension of sanctions during the Coronavirus Disease 2019 (COVID-19) pandemic. Still others have called for a review of the effects U.S. sanctions have had on the Venezuelan people and an end to any sanctions that have worsened humanitarian conditions.

See U.S. Department of the Treasury, "Venezuela-Related Sanctions," at <https://home.treasury.gov/policy-issues/financial-sanctions/sanctions-programs-and-country-information/venezuela-related-sanctions>, and CRS Report R44841, *Venezuela: Background and U.S. Relations*.

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